

Message Text

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20

ACTION ARA-20

INFO OCT-01 EUR-25 ISO-00 SPC-03 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 L-03 H-03 DODE-00 PA-03 USIA-15 PRS-01

PM-07 SCEM-02 INT-08 DRC-01 /200 W

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R 182225Z SEP 73

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 7074

INFO AMEMBASSY WARSAW

LIMITED OFFICIAL USE LIMA 6885

EO 11652: N/A

TAGS: ENRG, PE, PL

SUBJECT: POLISH-OCCIDENTAL PETROLEUM CONTRACT FALLS THROUGH

REF: LIMA 5931 OF AUG. 15, LIMA 5318 OF JULY 25, LIMA 3531
OF MAY 25 (NOTAL)

1. PERUVIAN MINISTER OF MINES FERNANDEZ MALDONADO, IN PUBLIC STATEMENT SEPT. 6 ANNOUNCED THAT GOP HAS DECIDED NOT TO SIGN ANY MORE OIL OPERATING CONTRACTS FOR PETROLEUM EXPLOITATION, SINCE PRESENT NUMBER OF CONTRACTS (18) FOR EXPLORATION OF PERUVIAN JUNGLE IS SUFFICIENT FOR PERUVIAN PURPOSES. HE INDICATED THAT BASIC GOP OBJECTIVE IS TO USE OIL FROM JUNGLE FIRST TO MEET DOMESTIC DEMAND AND SECONDARILY FOR EXPORT. FERNANDEZ MALDONADO SAID UNDERLYING RATIONALE BASED ON IDEA OF A STRATEGIC RESERVE FOR PERU SINCE IF FURTHER CONTRACTS SIGNED, PERU WOULD GENERATE EXCESS PRODUCTION WHICH COULD DRAW DOWN ON PERU'S FUTURE RESERVE AND EVENTUALLY MAKE COUNTRY A NET IMPORTER. (FURTHER REPORT ON FERNANDEZ MALDONADO SPEECH CONTAINED SEPARATE AIRGRAM.)

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2. WHILE NO PUBLIC REFERENCE MADE TO POLISH-OCCIDENTAL NEGOTIA-

TIONS PETROPERU OFFICIAL HAS CONFIRMED TO US THAT NO FURTHER CONTRACTS WILL BE SIGNED AND THAT SPECIFICALLY POLISH-OCCIDENTAL DEAL FOR BLOCK NO. 2 (LIMA 5931) HAS FALLEN THROUGH. FURTHER OXY REP TELLS US THAT PETROPERU REFUSED SOFTEN TERMS FOR WELL-HEAD SPLIT (LIMA 5318) AND NEITHER POLES NOR OXY FELT PROPOSITION THEREFORE FEASIBLE.

3. COMMENT: PETROPERU.S INTRANSIGENT BARGAINING POSITION WITH POLES AND OXY PROBABLY BASED ON ITS ASSESSMENT THAT COUNTRY NOW HAS SUFFICIENT ESTIMATED RESERVES WHICH SHOULD BE USED WITH CARE AND THAT PERU NO LONGER NEEDS ACCPET FOREIGN CAPITAL AND TECHNICAL ASSISTANCE FOR EXPLORATION NEW CONTRACT AREAS ON ANYTHING OTHER THAN PERU'S OWN TERMS. WE HAD HEARD EARLIER THAT CONTRACTS MIGHT BE LIMITED (LIMA 3531) A FACT WHICH FERNANDEZ MALDONADO'S ANNOUNCEMENT NOW CONFIRMS.
BARNEBEY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 18 SEP 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973LIMA06885
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730928/aaaaaudg.tel
Line Count: 77
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: LIMA 5931 OF AUG. 15, LIMA 5318 OF J, ULY 25, LIMA 3531
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 21 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21-Sep-2001 by elyme>; APPROVED <27-Nov-2001 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POLISH-OCCIDENTAL PETROLEUM CONTRACT FALLS THROUGH
TAGS: ENRG, PE, PL
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005